

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7257

BILL NUMBER: HB 1410

NOTE PREPARED: Jan 17, 2004

BILL AMENDED:

SUBJECT: Agricultural Equipment.

FIRST AUTHOR: Rep. Cherry

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill: (1) provides that certain motor vehicles may be operated and registered as farm trucks, farm trailers, or farm semitrailers and tractors if not used for certain commercial enterprises. It makes it a Class C infraction (and a Class B infraction for a second offense within three years) to operate or own a farm truck, farm trailer, or farm semitrailer and tractor if the vehicle is used for certain commercial enterprises and permits certain law enforcement officers to impound the vehicle and its contents. The bill requires the Bureau of Motor Vehicles (BMV) to adopt rules to identify and define "farm truck", "farm trailer", and "farm semitrailer and tractor". It makes conforming amendments;

(2) The bill also redefines "implement of husbandry" to "implement of agriculture" for purposes of the motor vehicle code. It repeals the definition of, and references to, "farm machinery", "farm tractor used in transportation", and "special farm machinery" within the motor vehicle code. The bill deletes an obsolete reference to a financing statement for a farm tractor. It also repeals the license fee for certain farm vehicles used in farming operations. It also makes conforming amendments.

Effective Date: Upon passage; July 1, 2004.

Summary of Net State Impact: Based on CY 2003 registration data for the truck weights involved, there will be a net revenue gain of approximately \$822,000 per year.

In addition, there likely will be computer and programming changes for the BMV. These costs are expected to be minimal.

The fund affected for both the revenue and expenditures is the Motor Vehicle Highway Account (MVHA) which supports the BMV.

Explanation of State Expenditures: (1) The bill removes two plate categories of farm truck plates: those trucks with a declared gross weight of 11,000 lbs. and those with a declared gross weight of 16,000 lbs. The new farm truck designation will begin with trucks with a declared gross weight of 20,000 lbs or more. For the BMV, there likely will be some computer programming changes required and changes to truck registration manuals. These costs are expected to be minimal. The fund affected is the MVHA which supports the BMV.

Explanation of State Revenues: (1) Trucks plated as farm trucks pay 50% of the fee associated with a particular weight class. In CY 2003, the 19,307 farm trucks in the two categories paid a total of \$1,017,352 in registration fees. With the new class, these two weight classes will pay an additional \$1,017,352 in registration fees. The fund affected is the MVHA.

(2) The BMV has commented that it is unclear if all vehicles which should have been classified as “farm machinery” have been registered over the last several years. In CY 2003, there were 11,683 such vehicles registered. The registration fee for these vehicles is \$16.75. Revenue in CY 2003 amounted to \$195,690. The fund affected is the MVHA.

This proposal removes the classification of “farm machinery” and replaces it with the classification of “implements of agriculture”. The thrust of the new registration mechanism is to plate only those vehicles which can and are driven on the highways and to not require the plating of those vehicles which are used entirely in the field. Based on the CY 2003 registration of 11,683 such vehicles, there could be a loss of annual revenue of approximately \$196,000. The bill provides that the BMV is to draft rules to determine whether a category of implement of agriculture was designed to be operated primarily in a farm field or farm premises or on a highway. The specific amount or revenue will depend upon the actual number of vehicles so registered and the rules adopted by BMV.

Penalty Provision: The bill provides for a Class C infraction for the first offense and a Class B infraction for the second offense. If additional court cases occur, revenue to the state General Fund may increase if infraction judgments and court fees are collected. The maximum judgment for a Class C infraction is \$500, and \$1,000 for a Class B infraction, both of which are deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed. 70% of the court fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

Explanation of Local Expenditures:

Explanation of Local Revenues: (1) *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Bureau of Motor Vehicles; Department of Transportation; State Police.

Local Agencies Affected: Recipients of the MVHA distributions. Trial courts, local law enforcement agencies.

Information Sources: Jane Morrical, Director of Treasury, Bureau of Motor Vehicles, 232-2822; BMV Annual County Count of Motor Vehicles; Jean Spears, Director of Excise Tax Collections for the BMV, 232-2861; Cress Hizer, CEO of the Indiana Plant Food and Agricultural Chemicals Association, (IPFACA), 684-5437; BMV Cash Audit for 2003.

Fiscal Analyst: James Sperlik, 317-232-9866.